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Major Holdings & Developments Limited
Annual Report for the year ended Jan. 31, 1969.

BOARD OF DIRECTORS

ABRAM WIEBE
CARL N. WEBER
JACK H. SMITH, Q.C.
HOWARD R. HUEHN
KENNETH H. CHRISTOPHER
ALBERT E. DUNKER
CARL E. DUNKER, M.B.E.
J. HARPER SCHOFIELD, Q.C.
ABRAHAM I. ROSENBERG
BRUCE H. BURNS
NORMAN W. PARKER
HARRY E. WAMBOLD
EDWARD BERGMAN

HEAD OFFICE

824 King St. W., Kitchener, Canada

SOLICITORS

Wintermeyer, Smith, Murphy & Graham, Kitchener

AUDITORS

McDonald, Currie & Co., Chartered Accountants

BANKER

Royal Bank of Canada
824 King Street West, Kitchener

TRANSFER AGENT & REGISTRAR

Preference & Common Shares —
The Canada Trust Company, Kitchener and Toronto, Ontario

TRUSTEE FOR THE DEBENTURE HOLDERS

National Trust Company, Limited, Toronto

LISTING OF COMMON SHARES

Toronto Stock Exchange

President's Report



This is my Twelfth Annual Report to the Shareholders of this company and it gives me great pleasure to be addressing my remarks to the many new shareholders who are now participating in the company's future.

The year ended January 1969 has been the most successful in the history of Major Holdings & Developments Limited. The highlight of the year was our corporate change from a private to a public company and the successful underwriting of a Debenture and Stock issue in December 1968. The year ended with a satisfactory demand for our shares listed on the Toronto Stock Exchange.

Major Holdings & Developments has one objective, to make profits by holding income property, developing its land bank, acquiring new parcels of raw land and achieving an equitable balance of all inventories. We are satisfied that we can achieve this objective, be it residential, commercial or industrial development, in the quality end of the business. We have always planned for the long term and have engaged the best planners, architects and other consultants to achieve this distinction.

President's Report (Contd.)

The future is bright and busy. We have commenced construction on Westmount Place Shopping Centre in Waterloo, a prestige development of 25 stores plus professional offices, comprising 98,000 square feet. Opening is scheduled for February 1970. Leases covering the majority of the retail space including Dominion Stores Ltd., a Bank and a Trust Company, have been signed. Most of the stores will be occupied by established Kitchener and Waterloo retailers. Construction of an additional 104 luxury suites is programmed this year for the Westmount Towers complex across from Westmount Place.

Planning is well advanced on the first phase of The College Square apartment and commercial complex located on University Ave. West in Waterloo between the two universities. This phase will comprise a 135-suite high-rise, complemented by a 15,000 square foot shopping concourse and is strategically located to service a heavy concentration of students and faculty from both university campuses.

Beechwood Park, Major Holdings' Award Winning subdivision, is in the next draft plan stage. This new phase of development includes 140 acres of single family lots and multiple family land. Approval of this draft plan will ensure an adequate supply of lots in the

Beechwood area for the years 1970 to 1972 inclusive. We have sufficient serviced lots in Beechwood Park for this year's building program. We are in the final planning of Southgate housing development. Southgate adjoins Beechwood Park and consists of some 120 quality town-house and garden-court units. Provided zoning is approved this summer, a start on the first 40 units can begin this year.

In February of this year, we purchased the seven-storey Dunker office building together with an adjoining 59,500 square foot parking lot, and negotiations are underway with an hotel chain for the immediate development of a 200 room, 15-storey hotel with extensive public facilities.

Pioneer Park, Kitchener's newest residential community, comprising 800 acres, is indicative of the aggressive growth demands of the Kitchener-Waterloo area. The first draft plan covering the development of an initial 300 acres has been presented. The first phase of the Pioneer Park concept is unusual and interesting in that it contains only 150 single family lots with a large proportion of multi-family sites. It will house up to 2,800 apartments and town-house units, a high school, a recreation area and several elementary schools. The schools and apartments are grouped around a 14-acre commercial, social

core. Pioneer Park is located one mile north of the MacDonald-Cartier Freeway, within 15 minutes of most of Kitchener and Waterloo and convenient to Galt, Preston and Hespeler, thus enjoying an extremely broad market.

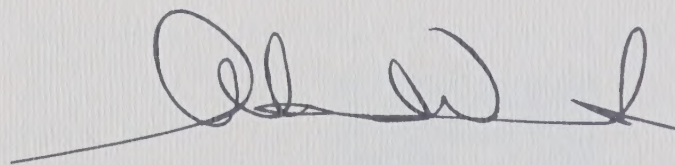
The most recent land bank acquisition is the 82 acre St. Andrews Golf Club property on the west side of Galt. The initial phase of 60 home sites is ready for registration with construction to begin this summer. Development of the rolling, wooded St. Andrews subdivision will follow the pattern and quality of Waterloo's Beechwood Park.

Your company now operates from offices on four floors of the building at 824 King Street West, Kitchener, where we are seriously short of space with no expansion possibility. We are therefore planning to move to much improved quarters on the office floor of our Westmount Place Shopping Centre next winter. Joining us will be our realty agents, Wiebe Realty Corporation Ltd. as well as our associated housing construction company, Vintage Homes Limited.

I feel that Major Holdings' responsibility as well as finest opportunity rests with development in the Waterloo County area. We have operated successfully in this area since 1957 and have gained the esteem of the business community and the general public. I believe

that ownership of shares in our company is an excellent way of retaining the spirit of free enterprise in one of the most vibrant parts of our Country. Waterloo County will undoubtedly have a regional form of government by 1971 and will require a significant increase in the number of housing units constructed, to accommodate the projected population growth.

In conclusion, I wish to express my deep appreciation to all the members of our staff, Wiebe Realty Corporation Ltd., Vintage Homes Limited, and to the Directors of Major Holdings & Developments, who have worked diligently during this past year to achieve our record success. Many thanks are extended to our bankers, auditors, mortgagees, various consultants and to the security underwriters, Cochran, Murray & Co. Limited, for their contribution. I extend to all best wishes, for a prosperous and rewarding nineteen sixty-nine.

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above the printed name.

A. Wiebe, F.R.I.,
President

APRIL 24th, 1969,
KITCHENER, Ontario

Directors

Major Holdings & Developments Limited



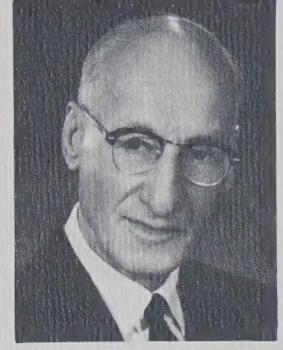
CARL N. WEBER



JACK H. SMITH, Q.C.



CARL E. DUNKER, M.B.E.



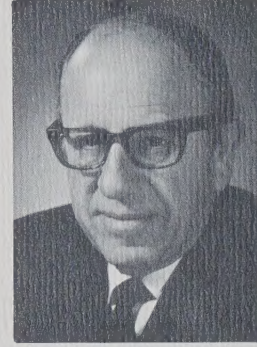
J. HARPER SCHOFIELD, Q.C.



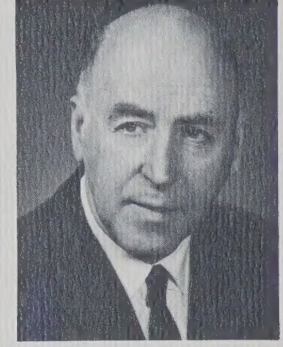
HARRY E. WAMBOLD



ALBERT E. DUNKER



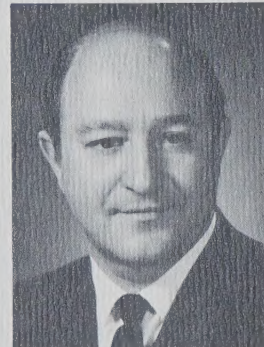
ABRAHAM I. ROSENBERG



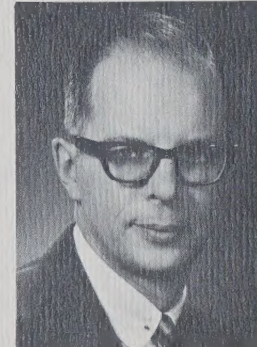
NORMAN W. PARKER



HOWARD R. HUEHN



EDWARD BERGMAN



BRUCE H. BURNS



KENNETH H. CHRISTOPHER



R. WILLIAM LAVIGNE

Officers

ABRAM WIEBE, F.R.I., President

BRUCE H. BURNS, C.A., Vice-President & Treasurer

JACK H. SMITH, Q.C., Secretary

R. WILLIAM LAVIGNE, C.A., Comptroller

KENNETH H. CHRISTOPHER, M.Ed., Executive
Assistant to the President

RICHARD C. VAN VELDHUISEN, B.A.Sc., Director of
Planning & Engineering



R. C. VAN VELDHUISEN

Historical Review

Major Holdings & Developments Limited is a land development company with established operations in Waterloo County.

The company was incorporated in 1957 as Major Holdings (Waterloo) Limited. Original land holdings comprised 330 acres in Northwest Waterloo designated as Beechwood Park. The company continued to acquire property and completed its first subdivision, Jackson Park, a community of 250 homes within 2 years. In 1958 Major Holdings (Waterloo) sold land to the Waterloo College Associate Faculties which formed the first phase of the new University of Waterloo.

In 1958 Major Holdings Industrial Developments Limited was incorporated for the purpose of concentrating on industrial land and buildings. This company operated successfully for a period of three years and assisted several companies and institutions in locating in Waterloo's Columbia Industrial Basin.

The decision of the Kitchener-Waterloo city councils, early in 1960, to undertake development of industrial land, diminished the need for privately acquired industrial land. As a result, Major Holdings (Waterloo) Limited and Major Industrial Development Limited were merged to form Major Holdings & Developments Ltd.

Since incorporation in 1957, the company has acquired more than 3,132 acres of land in the Kitchener-Waterloo-Galt area and at present, owns in excess of 2,050 acres.

To date, the company has developed and sold residential land to private builders for 880 housing units.

Over 100 acres have been sold for industrial development on which 80,000 square feet of rental space has been constructed for the company's own lease portfolio.

Since incorporation, the company has constructed and sold the Royal Bank building at Victoria and Lancaster Streets in Kitchener and Terminal Buildings #1 and #2 being factory and warehouse buildings located in the Columbia Industrial Basin of Waterloo. A third factory and warehouse building in the same industrial basin known as Terminal Building #3 has been constructed and is still owned by the company. It is wholly occupied by the University of Waterloo.

The company has constructed and is the owner of the Westmount Towers apartment building comprising 57 suites located on Westmount Road in Waterloo and also the King-University building in Waterloo, part of which is occupied by the Royal Bank of Canada.

In addition, the company has acquired by purchase factory buildings in Waterloo, comprising over 100,000 square feet, wholly leased to Keith-Day Limited and Abex Industries of Canada Ltd. (Aerospace Division), as well as 60,000 sq. ft. Industrial-Commercial complex on Victoria St. in Kitchener, leased to a variety of commercial enterprises.

In January, 1969, the company completed the 158-suite 20-storey Conestoga Towers apartment building in the heart of downtown Kitchener. This project cost approximately \$2,600,000, and is over 60% leased at this date.

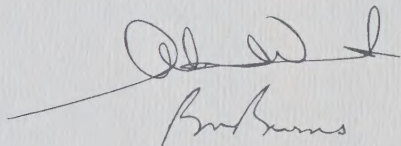
The company's Beechwood Community exceeding 1200 acres, flanking the campus of the University of Waterloo, won the 1965 Urban Development Institute's Award for best subdivision in Ontario. Over 150 homes in the \$40,000 to \$100,000 price bracket have been built in the first phase of Beechwood Park with the majority being constructed by Vintage Homes Limited, in which the company holds a one-third interest.

Balance Sheet

as at January 31, 1969

Assets

	1969 \$	1968 \$
Bank term deposits	991,000	—
Sales agreements and mortgages receivable (Note 1)	1,296,039	1,174,600
Property held for development - at cost (Note 1)	4,017,438	2,202,165
Preliminary expenses - Westmount Village	102,335	86,634
Prepaid expenses	10,593	9,981
Investment without quoted value - at cost	4,791	4,791
Fixed assets - at cost less accumulated depreciation (Notes 1 and 2)	4,356,761	2,393,614
Unamortized debenture discount and financing expenses (Note 3)	111,658	—
	<u>10,890,615</u>	<u>5,871,785</u>



DIRECTOR
DIRECTOR
SIGNED ON BEHALF OF THE BOARD

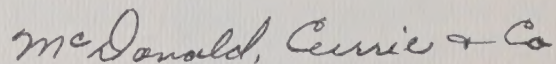
Auditors' Report to the Shareholders

March 18, 1969

We have examined the balance sheet of Major Holdings & Developments Limited as at January 31, 1969 and the statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The company's method of accounting for income taxes is explained in Note 7 and in respect to part (b) the company has not followed recently adopted accounting principles.

With this exception, in our opinion, these financial statements present fairly the financial position of the company as at January 31, 1969 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

Liabilities

	1969 \$	1968 \$
Bank advances (secured)	16,665	8,485
Accounts payable and accrued liabilities	479,583	330,110
9½ % and 10½ % notes payable - due 1969 to 1971 (including \$3,500 payable to shareholders)	33,351	63,183
Income taxes	1,746	401
Provision to complete subdivision services	51,567	179,967
Deferred income	9,137	11,718
7¼ % subordinated sinking fund convertible debentures, due December 15, 1988 (Note 5)	1,592,000	—
Mortgages and purchase agreements payable (Note 1)	6,491,380	4,374,120
	<u>8,675,429</u>	<u>4,967,984</u>
Deferred Income Taxes (Note 7)	197,504	172,971
	<u><u>8,872,933</u></u>	<u><u>5,140,955</u></u>

Shareholders' Equity

CAPITAL STOCK

Authorized —

100,000 7½ % cumulative preference shares
of the par value of \$10 each,
redeemable at par

3,000,000 common shares of no par value
(Notes 4 and 8)

Issued and fully paid —

32,105 preference shares 321,050 | 321,050 || 1,778,380 common shares (Notes 4 and 6) | 1,020,657 | 22,521 |
| | 1,341,707 | 343,571 |

RETAINED EARNINGS

PLEASE NOTE:

Typographical error in Shareholders' Equity
1969 Total \$10,809,615.
should read \$10,890,615.

	2,017,682	730,830
	<u><u>10,809,615</u></u>	<u><u>5,871,785</u></u>

Statement of Source and Use of Funds

for the year ended January 31, 1969

Source of Funds

	1969	1968
	\$	\$
Net earnings for the year	312,795	223,591
Add: Charges not requiring cash outlay —		
Depreciation	56,322	60,392
Deferred income tax	24,533	91,005
Land usage	56,719	99,208
Profit on sale of revenue producing properties included with proceeds below	(— 7,984)	(75,632)
	442,385	398,564
Sale of revenue producing properties	44,325	273,003
Proceeds of mortgages	753,714	—
Sale of debentures	1,750,000	—
Issue of common shares	840,136	3,808
	3,830,560	675,375

Use of Funds

Purchase of land	2,003,898	54,973
Purchase of fixed assets less mortgage advances thereon	692,264	451,492
Preliminary expenses — Westmount Village	15,701	5,081
Repayment of mortgages payable	—	144,493
Repayment of notes payable	29,832	—
Debenture discount and financing expenses	111,658	—
Commission paid on preference shares	—	5,211
Dividends paid on preference shares	24,079	23,585
	2,877,432	684,835

Net Change in other Assets and Liabilities

953,128	(9,460)
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Net Change in Other Assets and Liabilities Represented by

	1969 \$	1968 \$
Increase in bank term deposits	991,000	—
Increase in sales agreements and mortgages receivable	121,439	79,260
Decrease in deferred development costs	(131,906)	(70,502)
Increase in prepaid expenses	612	1,218
(Increase) decrease in bank advances	(8,180)	46,149
Increase in accounts payable and accrued liabilities	(149,473)	(164,937)
(Increase) decrease in income taxes	(1,345)	1,664
Decrease in provision to complete subdivision services	128,400	25,678
Decrease in dividend payable	—	9,451
Decrease in deferred income	2,581	56,646
Decrease in deferred commissions payable	—	5,913
	<u>953,128</u>	<u>(9,460)</u>

Statement of Retained Earnings

for the year ended January 31, 1969

	1969 \$	1968 \$
BALANCE — BEGINNING OF YEAR	387,259	274,430
Net earnings for the year	312,795	223,591
	<u>700,054</u>	<u>498,021</u>
Dividends — preference shares	24,079	23,585
Prior years' adjustments —		
Deferred income taxes	—	81,966
Commission paid on preference shares issued in 1967	—	5,211
	<u>24,079</u>	<u>110,762</u>
BALANCE — END OF YEAR	<u>675,975</u>	<u>387,259</u>

Statement of Earnings

for the year ended January 31, 1969

	1969 \$	1968 \$
REVENUE		
Sale of land	815,543	811,511
Investments properties — rentals	348,359	321,429
Net gain on sale of investment properties	7,984	75,632
Deferred income earned in current year	—	62,017
Interest	68,186	28,303
	<u>1,240,072</u>	<u>1,298,892</u>
EXPENSES		
Cost of land sold	221,932	349,646
Investment properties - operating	139,219	108,492
- interest	108,703	111,424
- depreciation	53,765	57,876
General and administrative (Note 10)	388,661	333,989
Adjustment of prior year's earnings	(12,319)	21,194
	<u>899,961</u>	<u>982,621</u>
NET EARNINGS BEFORE INCOME TAXES	<u>340,111</u>	<u>316,271</u>
PROVISION FOR INCOME TAXES (Note 7)		
Current	2,783	1,675
Deferred	24,533	91,005
	<u>27,316</u>	<u>92,680</u>
NET EARNINGS FOR THE YEAR	<u>312,795</u>	<u>223,591</u>

Notes to Financial Statements

For The Year Ended January 31, 1969

1. Security for Bank Advances and Mortgages Payable

Bank advances are secured by an assignment of book debts. Mortgages payable are secured by property held for development, land and buildings.

2. Fixed Assets

Land, buildings, equipment and related accumulated depreciation are classified as follows:

	1969		1968	
	Cost	Accumulated Depreciation	Net	Net
	\$	\$	\$	\$
Land	236,608	—	236,608	236,832
Buildings	4,182,212	207,229	3,974,983	1,674,206
Equipment	206,860	61,690	145,170	46,286
Construction in progress	—	—	—	436,290
	<u>4,625,680</u>	<u>268,919</u>	<u>4,356,761</u>	<u>2,393,614</u>

3. Debenture Discount and Financing Expenses

It is the company's intention to amortize these expenses over the next five years, subject to adjustment in the event of earlier redemption of the debentures.

4. Reservations of Capital Stock

- (a) Options to purchase up to 130,000 common shares have been given to certain directors and officers of the company for periods terminating in 1978 at a price of \$1.50 per share to 1973 and \$3.00 thereafter
- (b) The conversion of the present debenture indebtedness will require 589,040 common shares.
- (c) As partial consideration for the purchase of two properties described in Note 11, 120,000 common shares, valued at \$459,000, have been issued subsequent to the balance sheet date.

5. 7¼ % Debentures

The 7¼ % subordinated sinking fund convertible debentures were issued under the terms of a trust indenture dated December 15, 1968. They are secured by a floating charge on the undertaking and assets of the company and are convertible at anytime prior to December 15, 1978 on the basis of 370 common shares for each \$1,000 principal. Prior to the balance sheet date, debentures amounting to \$158,000 had been converted into 58,640 common shares. The trust indenture provides for a mandatory sinking fund sufficient to retire \$100,000 principal amount in each of the years 1979 to 1987 inclusive. The debentures are redeemable at anytime upon thirty days' notice, except that prior to December 15, 1978, no such redemption may be effected with borrowed funds bearing an interest rate of less than 7¼ per cent per annum.

6. Issued Common Shares

Prior to October 22, 1968, 1,120 common shares were issued for a cash consideration of \$3,136. Subsequent to October 22, 1968, 400,000 common shares were issued for a cash consideration of \$837,000 and 58,640 common shares were issued upon conversion of debentures amounting to \$158,000.

7. Deferred Income Taxes

- (a) Income taxes payable for the year have been reduced by:
- (i) deferring for tax purposes revenue from land sales which has been recorded in the accounts and
 - (ii) claiming costs of debenture and share issue expenses for tax purposes in excess of amounts charged in the accounts.

This reduction, amounting to \$24,533 for the year, is applicable to those future years in which income for tax purposes will be in excess of amounts shown in the accounts and, accordingly, is included, together with similar amounts arising in earlier years, in the balance sheet as "deferred income taxes".

- (b) As in prior years, the current year's income taxes payable have been reduced by claiming depreciation and interim finance costs for tax purposes in excess of that recorded in the accounts. Deferred income taxes arising by reason of this excess, amounting to \$257,500, of which \$147,500 is applicable to the current year, have not been reflected in the accounts. Recognition of the foregoing would increase provision for income taxes for the year from \$27,316 to \$174,816 and decrease net earnings from \$312,795 to \$165,295.

8. Supplementary Letters Patent

Supplementary Letters Patent were granted on October 22, 1968 to subdivide the common share capital then authorized and issued on the basis of ten to one; an additional 1,500,000 common shares were authorized to bring the total to 3,000,000 shares. In addition, the company became a public company.

9. Contingent Liability

The company is contingently liable as guarantor of a bank loan to a former affiliated company in the amount of \$16,500.

10. Other Statutory Information

- (a) Remuneration paid or payable to the company's directors and senior officers (as defined by The Corporations Act, Ontario) amounted to \$63,850 during the year.
- (b) Included in the general and administrative expenses:

	1969	1968
	\$	\$
Depreciation	2,557	2,516
Interest on long-term debt	187,285	170,421

11. Post-Balance Sheet Events

Subsequent to the balance sheet date, the company purchased properties from Dunker Investments Limited and Delcam Developments Limited for \$1,300,000 and \$325,000 respectively. Purchase of these properties will be financed as follows:

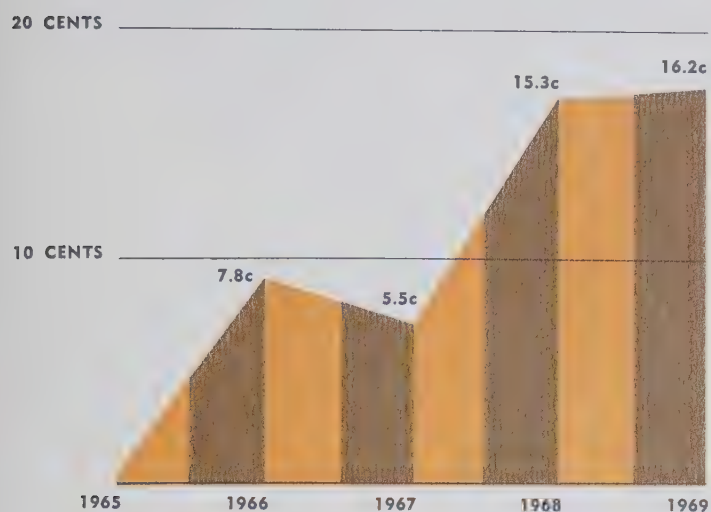
Dunker Investments Limited property

	\$
6¾ % first mortgage, maturing 1974	316,527
7 % second mortgage, maturing 1974	350,000
100,000 common shares	375,000
Cash	258,473
	<u>1,300,000</u>

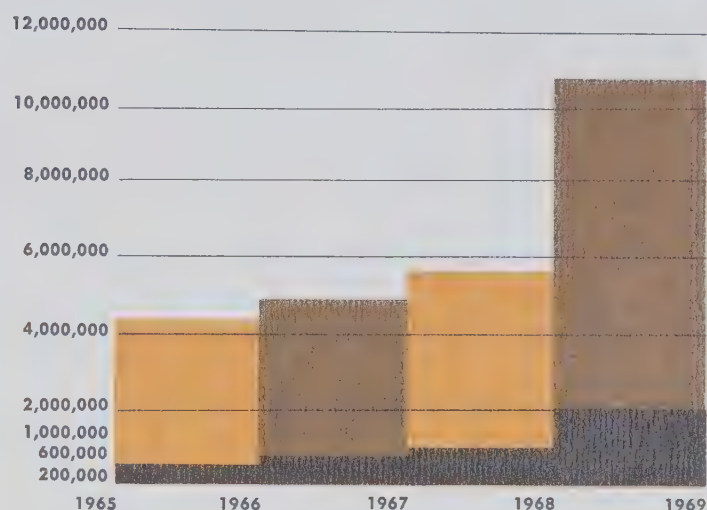
Delcam Developments Limited property

	\$
9 % first mortgage, maturing 1972	150,000
20,000 common shares	84,000
Cash	91,000
	<u>325,000</u>

Earnings Per Common Share



Assets and Shareholders' Equity



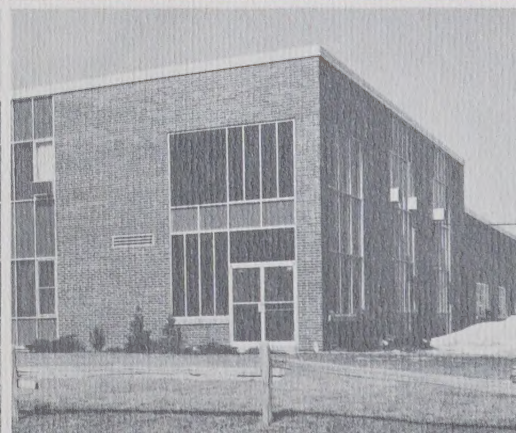
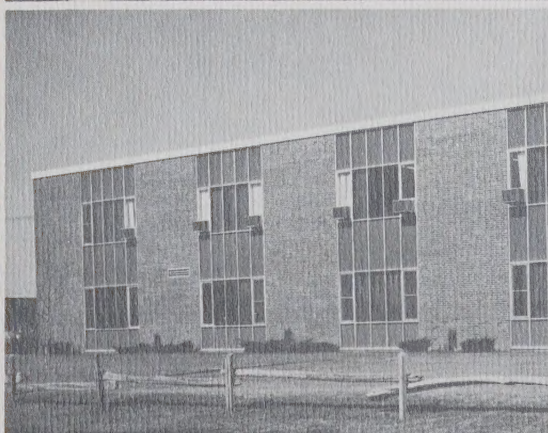
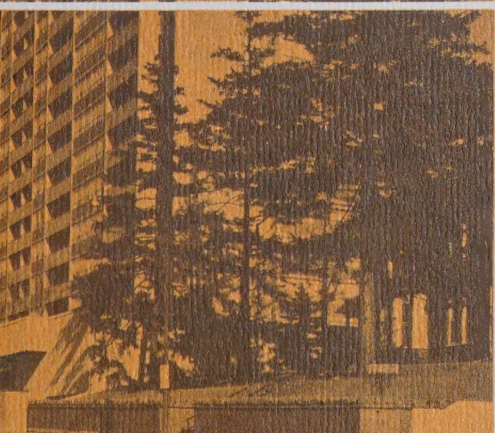
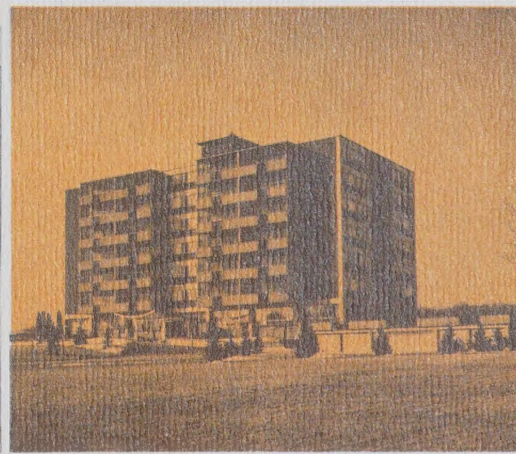
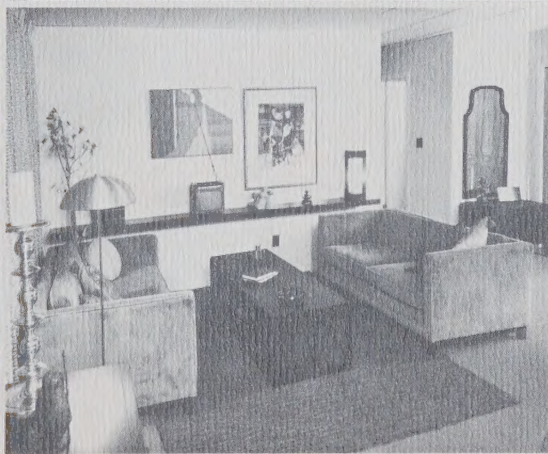
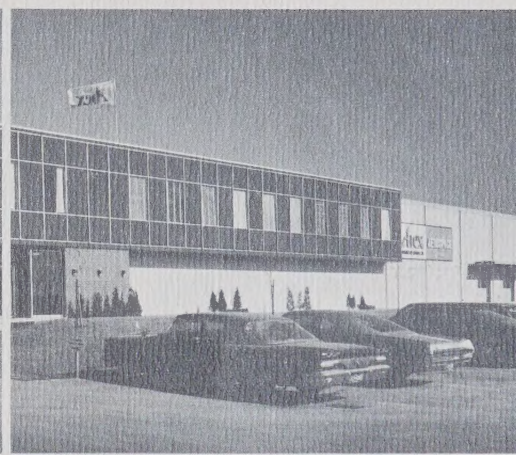
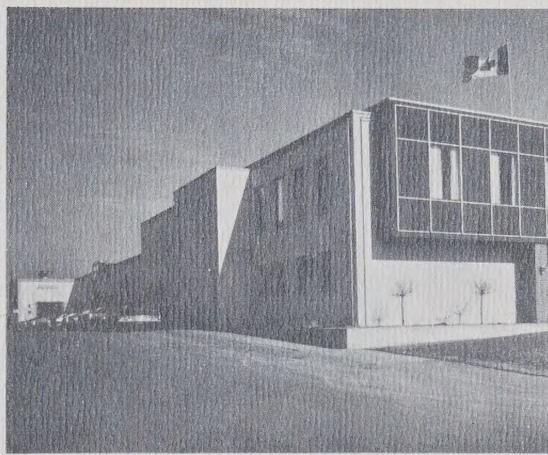
Five Year Review of Earnings

Years Ended January 31

	1965	1966	1967	1968	1969
Gross Operating Revenue	903,268	861,700	1,149,400	1,223,260	1,232,088
Earnings before deducting the following items	207,288	394,527	441,646	582,876	684,437
Depreciation	39,385	52,190	52,015	60,392	56,322
Cost of Long Term Debt	141,497	202,796	234,994	281,845	295,988
	180,882	254,986	287,009	342,237	352,310
	26,406	139,541	154,637	240,639	332,127
Gain (loss) on disposal of fixed assets	—	(447)	2,616	75,632	7,984
	26,406	139,094	157,253	316,271	340,111
Provisions for Income Taxes					
Current	3,100	7,916	6,200	1,675	2,783
Deferred	8,825	13,100	60,041	91,005	24,533
	11,925	21,016	66,241	92,680	27,316
Net Earnings	14,481	118,078	91,012	223,591	312,795



PARKDALE, Typical Residence, Waterloo - left top
ABEX BUILDING, Waterloo - top right
CONESTOGA TOWERS, Kitchener - left
TYPICAL SUITE, CONESTOGA TOWERS - centre
WESTMOUNT TOWERS, Waterloo - middle right
NO. 3 TERMINAL BUILDING, Waterloo - lower right



WESTMOUNT PLACE shopping centre, Waterloo - left top

Construction begins - left bottom

BEECHWOOD SUBDIVISION, Waterloo - upper right

TYPICAL BEECHWOOD RESIDENCE - middle right

PIONEER PARK SUBDIVISION, Kitchener,
currently under development - lower right

